

## MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

with the

SCHOOL BOARD

June 27, 1949

7:45 P.M.

Council Chamber, City Hall

The meeting was called to order with Mayor Glass presiding:

## Roll Call:

Present: Councilmen Drake, Johnson, Long, MacCorkle, Mayor Glass  
Absent: None

Present also: Guiton Morgan, City Manager; Trueman E. O'Quinn, City Attorney; Joe D. Huffman, Jr., Director of Finance; Ronald Byram, President of the School Board; Paul Bolton and Mrs. O.D. Weeks, Willie Kocurek, Fred S. Nagle, Jr., members of the School Board; T. N. Porter, Business Manager, and J. W. Edgar, Superintendent, Austin Public Schools.

The City Manager submitted the following information:

In accordance with the City's charter, the Council at the second regular meeting in June, or as soon thereafter as practical, is required to fix the tax rate for the current year. It is also customary to meet with the School Board to also fix the school tax rate as an overall part of the City tax rate. In 1948, the City tax rate was as follows:

General Fund	\$1.00
School	1.15
Interest & Sinking Fund	.60

Most of the bonds to be sold and issued during 1949 are for the Schools - a total of \$1,500,000.00. The total amount of bonds to be sold during 1949 for City purposes will probably be less than \$300,000.00.

In 1947, based on a 70¢ tax rate and before the reappraisal program, the City collected and paid to the schools \$545,863.00 in school taxes.

In 1948, based also on a 70¢ school tax rate, but after the reappraisal program, the City paid to the schools \$881,215.00 in school taxes, an increase of \$335,000.00 over 1947. In 1949, based on \$1.15 school tax rate plus the reappraisal program, the City has and will pay to schools a total of \$1,555,000.00

in taxes, an increase of \$1,009,000.00 over 1947.

Based on similar calculations and an increase in valuations of \$140,000,000 to \$148,000,000 in 1949 it is estimated that on the basis of \$1.10 school tax the City will pay in 1950 to the schools \$1,565,000.00 in City taxes, which is an increase of \$1,019,000.00 over 1947, and if the 1949 valuations reach \$150,000,000.00 which appears reasonable, there will be an additional \$21,000.00 in taxes to be paid to the schools.

Based on this \$1.10 rate, the schools in 1950 will receive \$31,000.00 more in City taxes than they will receive in 1949, based on \$1.15 tax rate.

In addition to the increases from City tax collections, to the schools the Gilmer-Aiken legislation is estimated to pay to the schools something in excess of an additional \$500,000.00.

The City Council, considering these heavy increases in revenues to the schools and considering the \$1,500,000.00 of school bonds to be issued this year, believes that the school tax rate can very properly be reduced to \$1.10 for 1949, covering taxes payable in 1950, because the Interest and Sinking Fund rate will have to be increased from 60¢ to 65¢, largely to provide for the retirement of the school bonds sold and to be sold this year. In this way, the total tax rate can remain at \$2.75 for 1949, which is the same as for 1948.

The schools, by a vote of the people of Austin, were granted an increase in tax rate from 70¢ to \$1.15 beginning with the tax rate and applicable to the tax roll in 1948, covering taxes payable in 1949.

Business conditions are not as good as they were and the City Council realizes that the good credit of the City of Austin must be maintained if future bonds of the schools and of the City are to be sold at feasible interest rates, and the 5¢ increase is necessary. It would appear that no increase in the overall tax rate should be made at this time and that the added finances now available to the Schools would make this 5¢ reduction feasible.

The City General Fund has remained for many years at \$1.00 and is inadequate to meet the General Fund obligations of the City and must be supplemented by transfers from revenues of the utility departments. These earnings must be partially pledged for the plan expansions needed in the Water, Sewer, and Electric Plants, and additional transfers to the General Fund during the next few years is not possible, and the General Fund of the City cannot be reduced, as it has not been increased at all, whereas the school tax rate has been substantially increased.

MR. RONALD BYHAM stated the schools had filed for \$500,000.00 under the Gilmer-Aikin aid; but under its provisions, the schools' costs will be increased. On minimum salaries now which are \$2200, the salaries will be increased to \$2650. He expressed fear that the schools would lose the \$175,000 from the Water and Light Fund; and that he felt the School Board should ask for \$1.15 as the rate for the schools.

The Mayor stated it was going to be necessary to increase the sinking fund, and that since the schools had received the larger amount in the bond money; and since they would receive the benefit of the reappraisal, and the increase of tax money voted in the Charter amendment, that they would be able to reduce their tax rate five cents.

MR. PAUL BOLTON stated if the schools lost the \$175,000 from the Water and Light Fund, that would be equal to 11 2/3 loss in the school tax rate; and he asked if that would that not take care of the city's tax. The City Manager explained that the schools were not getting a revenue of \$1.52; and if they did lose the \$175,000 they would still have a revenue of \$1.40, and that the \$1.00 that the City received had been only that for many years. The increase to the schools was over a million dollars a year, while the city's will be \$600,000. He submitted the following figures:

PAYMENTS TO AND COST INCURRED  
DIRECTLY FOR THE AUSTIN PUBLIC SCHOOL SYSTEM FOR  
THE YEAR 1949

AD VALOREM TAXES:

Operation & Maintenance	\$1,647,347.00	
Debt Service	<u>262,257.00</u>	
TOTAL AD VALOREM TAXES		\$ 1,909,604.00

Transfers from Water, Light & Power	175,000.00
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Free Service (Water & Light)	41,203.00
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One-half (Assessing & Collection of Taxes)	<u>40,088.00</u>
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TOTAL	<u>\$ 2,165,895.00</u>
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Total Valuations - January 1, 1948	\$142,502,165.00
School Tax Rate - per \$100 Valuation	1.52
Total School Levy	2,167,674.00

	TAX RATE	AMOUNT
AD VALOREM TAXES:		
Operation & Maintenance	\$ 1.15	\$ 1,638,847.00
Penalty & Interest	.01	8,500.00
Debt Service	.18	262,257.00
Transfers from Water, Light & Power	.12	175,000.00
Free Service (Water & Light)	.03	41,203.00
One-half (Assessing & Collecting)	.03	<u>40,088.00</u>
	<u>\$ 1.52</u>	<u>\$ 2,165,895.00</u>

L. THEO BELLMONT spoke as a member of the Tax Board of Equalization, stating he hoped that the taxes were not raised, as he had interviewed so many people protesting a raise, and reviewed a great number of letters protesting a tax raise; and that the 45¢ additional school tax had really hurt.

HOWARD W. BULL stated the past tax increase had been hard of people, as they could not make their payments. OPA had their rents frozen and these people could not make a good return. Some people had their taxes raised ten times more. The second year they had the 45¢ increase for the schools; and if there is a third increase, it may force a revaluation; which at this time will be down and not up.

RICKEY KEY stated the people would demand a revaluation, and the

tendency now was downward.

WILLIE KOCUREK inquired what would happen if the Schools could not spare the five cent reduction. The City Manager stated the City Debt Service would be ruined; (2) The City would not be able to extend water service; (3) The City would not be able to extend electric and sewage; (4) the schools would be hurt, as without those services, the whole system would be inadequate.

Mayor Glass asked that the School Board estimate what the school districts might bring in as revenue by a reappraisal, and what the \$150,000,000 valuation would bring in; and see if it could reduce their tax five cents.

The City Manager stated it was estimated \$148,758,000 valuation inside and the outside territory which pays only the school tax at \$1,744,000.

The School Board submitted the following request; dated June 27th:

"On August 2, 1948, the Board of Trustees of the Austin Public Free Schools, passed the resolution asking the City of Austin to equalize the assessment for taxes of territory in the Independent School District of Austin, outside of the City of Austin proper.

"We respectfully request you to take proper steps to assess property in the Independent School District, outside of the City proper, in a way to equalize the assessment of such property with that of property in the City of Austin proper."

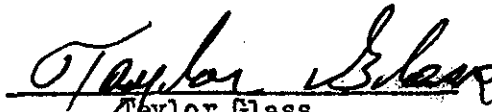
The Mayor asked the School Board if they would be willing to pay for this reappraisal. The President, Mr. Byram answered that he would if it were legal.

The School Board stated they would let the Council know later about their tax rate.

The Mayor stated regarding school sites that if the Schools would work with the Planning Commission, they might be able to secure sites free of charge, and be able to have planned utilities.

The meeting adjourned subject to call of the Mayor.

APPROVED

  
Taylor Glass  
Mayor

ATTEST:

  
Acting City Clerk.